

Senate Bill No. 1415

Passed the Senate August 28, 2006

Secretary of the Senate

Passed the Assembly August 23, 2006

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 17462 of the Education Code, relating to school property.

LEGISLATIVE COUNSEL'S DIGEST

SB 1415, Scott. Surplus school property: use of proceeds.

Existing law allows the governing board of any school district to sell any real property belonging to the district or to lease for a term not exceeding 99 years, any real property, together with any personal property located thereon, belonging to the district, subject to specified requirements and limitations. Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law allows a school district to deposit the proceeds from the sale or lease with an option to purchase of school district property in the general fund of the district for any general fund purpose if the school district governing board and the State Allocation Board have determined that the district has no anticipated need for additional sites or building construction for the 5-year period following the sale or lease, and the district has no major deferred maintenance requirements.

This bill would delete the authority of a school district to use those proceeds for any general fund purpose. The bill would increase from 5 to 10 years the time period following the sale or lease with option to purchase for which the school district governing board and the State Allocation Board are required to determine that the district has no anticipated need for additional sites or building construction. The bill would require that the proceeds from the sale or lease with option to purchase of school district property be used for one-time expenditures. The bill would prohibit a school district from using those proceeds for ongoing expenditures including, but not limited to, salaries and other operational expenses. The bill would require the State Allocation Board, in consultation with the State Department of Education, to adopt regulations that govern the use of those

proceeds for one-time expenditures and define ongoing expenditures for purposes of that prohibition. The bill would also delete obsolete provisions.

The people of the State of California do enact as follows:

SECTION 1. Section 17462 of the Education Code is amended to read:

17462. (a) The funds derived from the sale of surplus property shall be used for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a five-year period. Proceeds from a lease of school district property with an option to purchase may be deposited into a restricted fund for the routine repair of district facilities, as defined by the State Allocation Board, for up to a five-year period. In addition, the proceeds from the sale or lease with option to purchase may be deposited in the general fund of the district if the school district governing board and the State Allocation Board have determined that the district has no anticipated need for additional sites or building construction for the ten-year period following the sale or lease with option to purchase, and the district has no major deferred maintenance requirements. Proceeds from the sale or lease with option to purchase of school district property shall be used for one-time expenditures, and may not be used for ongoing expenditures including, but not limited to, salaries and other general operating expenses.

(b) The proceeds may also be deposited into a special reserve fund for capital outlay, for costs of maintenance of school district property that the governing board determines will not recur within a five-year period, or for the future maintenance and renovation of schoolsites if the district governing board and the State Allocation Board have determined that the district has no anticipated need for schoolsites or building construction or major deferred maintenance projects for a ten-year period following the sale or lease with option to purchase. Proceeds deposited in the special reserve fund shall not be available for general operating expenses as provided in Section 42842.

(c) The State Allocation Board, in consultation with the department, shall adopt regulations that govern the use of

proceeds pursuant to this section for one-time expenditures and define ongoing expenditures for purposes of subdivision (a).

(d) Notwithstanding a determination by the State Allocation Board pursuant to subdivision (a) that a school district has no anticipated need for additional sites or building construction for the ten-year period following the sale or lease with option to purchase of surplus school property, the district may apply for new construction or modernization funding pursuant to this chapter if both of the following conditions are satisfied:

(1) Five years have elapsed since the date upon which the sale or lease with option to purchase was executed.

(2) The State Allocation Board determines that the district has demonstrated enrollment growth or a need for additional sites or building construction that the district could not have easily anticipated at the time the board made its original determination that the district had no anticipated need for the ten-year period following the sale or lease with option to purchase.

Approved _____, 2006

Governor